

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1675 – SB 1721

February 9, 2016

SUMMARY OF ORIGINAL BILL: Requires a state employee to repay the cost of tuition and fee waivers at a public institution of higher education if the student withdraws or fails the course in which the state employee enrolled with the waiver. Requires the full amount of the waiver to be paid before enrolling in another course at a public institution of higher education, unless the state employee provides a documented medical or personal reason that is sufficient to justify the withdrawal or failure.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$170,600/TBR/FY16-17
\$120,300/UT/FY16-17
Exceeds \$170,600/TBR/FY17-18 and Subsequent Years
Exceeds \$120,300/UT/FY17-18 and Subsequent Years

SUMMARY OF AMENDMENT (011960): Deletes and rewrites the bill such that the only substantive change is to require each public institution of higher education to adopt procedures for considering student requests for relief from re-payment of tuition and fees because of a documented medical reason which may include a student's illness or illness or death of an immediate family member.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- In FY14-15, Tennessee Board of Regents (TBR) universities spent \$1,066,030 on fee waivers for state employees.
- Funding for waivers for state employees was spent on a full-time equivalent (FTE) enrollment of 232.
- The annual waiver per FTE in FY14-15 at a TBR university is estimated to be \$4,595 (\$1,066,030 / 232).

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- The annual waiver per FTE is estimated to increase at least three percent each fiscal year; therefore the annual waiver per FTE in FY16-17 at a TBR university is estimated to be \$4,875 [(\$4,595 x 103.0%) x 103.0%] to account for two additional fiscal years.
- Based on information from TBR, an estimated 12 percent of the total FTE enrollment relative to state employees (or approximately 28 FTEs) will fail or withdraw from a course at a TBR university annually and that 10 percent of those (approximately 3 FTEs) will provide the required justification and will not be required to repay the waiver fee.
- An estimated 25 FTEs (28 – 3) who receive a waiver at a TBR university will be required to repay it annually.
- The increase in state revenue to TBR universities in FY16-17 is estimated to be \$121,875 (\$4,875 x 25 FTE) and is estimated to exceed this amount in FY17-18 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp